



Jared Golden
Congress of the United States
2nd District of Maine

October 19, 2021

The Honorable Richard Neal
Chairman
Committee on Ways & Means
House of Representatives
Washington, DC 20515

Dear Chairman Neal,

I am writing today to urge you to resist calls to insert an increased State and Local Tax (SALT) deduction into the reconciliation bill. An increase in this tax break would disproportionately benefit the wealthy, and severely weaken our capacity to pay for programs that support the working and middle class.

Under current law, households can deduct up to \$10,000 that they pay in state and local taxes from the amount of their income that is subject to federal taxes. Raising or eliminating this cap only benefits those households that pay more than \$10,000 in state and local taxes.

One proposed change to SALT, which in the last Congress was narrowly [passed by the House](#) in H.R. 5377 but ultimately not enacted, would generally eliminate the SALT cap. However, according to experts, [98.6 percent](#) of taxpayers with incomes under \$100,000 would see no benefit from this change. By contrast, [93 percent of millionaires](#) would benefit. Overall, [more than half](#) of the tax cuts from the SALT cap repeal would go to the wealthiest 1 percent, and 97 percent would go to the top 20 percent.¹

The impact of SALT cap repeal would still be highly regressive even in relatively high-tax states. In New Jersey, for example, [95 percent](#) of the tax cuts from the SALT cap repeal would go to the wealthiest 20 percent.²

Some SALT advocates claim that the cap makes it politically harder for states to increase their revenues. However, since the SALT cap became law, [several states](#) have still moved to raise or extend taxes on high-income residents. Moreover, every dollar we spend on a SALT tax cut is a

¹ Hanlon, Seth. [“Repealing the SALT Cap Should Not Be a Top Priority in Reforming 2017 Tax Law.”](#) *Center for American Progress*. December 10, 2019.

² Warmhoff, Steve and Carl Davis. [“A Fair Way to Limit Tax Deduction.”](#) [state-by-state data] *Institute on Taxation and Economic Policy*. November 14, 2018.

dollar that can't then pay for expanded programs for working-class Americans at the federal level.³

According to the Congressional Budget Office, the full SALT cap repeal in H.R. 5377 would cost up to [\\$88.7 billion](#) per year.⁴ Adding that tax expenditure to the reconciliation bill could prevent us from paying for actual investments for working- and middle-class Americans.

Congress has a choice: we can enact a tax cut for the wealthy, or we can pay for historic investments for America's working and middle classes. You and your committee wisely chose the latter. I urge you to stand by that judgement.

Respectfully,



Jared F. Golden
Member of Congress

³ Hanlon, *supra*.

⁴ Congressional Budget Office, [“CBO Cost Estimate: H.R. 5377, as ordered reported by the House Committee on Ways and Means.”](#) December 13, 2019.